



**State of Connecticut
Office of Health Care Access
Letter of Intent/Waiver Form
Form 2030**

All Applicants must complete a Letter of Intent (LOI) form prior to submitting a Certificate of Need application, pursuant to Sections 19a-638 and 19a-639 of the Connecticut General Statutes and Section 19a-643-79 of OHCA's Regulations. Please submit this form to the Commissioner of the Office of Health Care Access, 410 Capitol Avenue, MS# 1310CA, P.O. Box 340308, Hartford, Connecticut 06134-0308.

SECTION I. APPLICANT INFORMATION

If there are more than two Applicants, please attach a separate sheet of paper and provide additional information in the format below.

	Applicant One	Applicant Two
Full legal name	Hartford Surgery Center, LLC	
Doing Business As	HEALTHSOUTH Surgery Center of Hartford	
Name of Parent Corporation	HEALTHSOUTH Corporation	
Mailing Address, if Post Office Box, include a street mailing address for Certified Mail	100 Retreat Avenue, Suite 100 Hartford, CT 06106	
Applicant type (e.g., profit/non-profit)	Profit	
Contact person, including title or position	Jennifer L. Groves Legal Counsel for Applicant	
Contact person's street mailing address	Updike, Kelly & Spellacy, P.C. One Century Tower 265 Church Street New Haven, CT 06510	

Contact person's phone #, fax # and
e-mail address

Tel.: (203) 786.8316
Fax: (203) 772-2037
jgroves@uks.com

SECTION II. GENERAL APPLICATION INFORMATION

- a. Proposal/Project Title: Sale of Additional Membership Interests in Hartford Surgery Center, LLC d/b/a HEALTHSOUTH Surgery Center of Hartford
- b. Type of Proposal, please check all that apply:
- ☒ Change in Facility (F), Service (S) or Function (Fnc) pursuant to Section 19a-638, C.G.S.:
- ☐ New (F, S, Fnc) ☐ Replacement ☐ Additional (F, S, Fnc)
- ☐ Expansion (F, S, Fnc) ☐ Relocation ☐ Service Termination
- ☐ Bed Addition ☐ Bed Reduction ☒ Change in Ownership/Control
- ☐ Capital Expenditure/Cost, pursuant to Section 19a-639, C.G.S.:
- ☐ Project expenditure/cost cost greater than \$ 1,000,000
- ☐ Equipment Acquisition greater than \$ 400,000
- ☐ New ☐ Replacement ☐ Major Medical
- ☐ Imaging ☐ Linear Accelerator
- ☐ Change in ownership or control, pursuant to Section 19a-639 C.G.S., resulting in a capital expenditure over \$1,000,000
- c. Location of proposal (Town including street address): 100 Retreat Avenue, Suite 100 Hartford, CT 06106
- d. List all the municipalities this project is intended to serve: The project is intended to serve all municipalities currently served by the Applicant, including, most notably, the greater Hartford region.
- e. Estimated starting date for the project: Immediately upon receipt of regulatory approval.

f. Type of project: 11

(Fill in the appropriate number(s) from page 7 of this form)

Number of Beds (to be completed if changes are proposed)

Type	Existing Staffed	Existing Licensed	Proposed Increase (Decrease)	Proposed Total Licensed
N/A				

SECTION III. ESTIMATED CAPITAL EXPENDITURE INFORMATION

a. Estimated Total Capital Expenditure: \$ N/A

b. Please provide the following breakdown as appropriate:

Construction/Renovations	\$
Medical Equipment (Purchase)	
Imaging Equipment (Purchase)	
Non-Medical Equipment (Purchase)	
Sales Tax	
Delivery & Installation	
Total Capital Expenditure	\$
Fair Market Value of Leased Equipment	
Total Capital Cost	\$

Major Medical and/or Imaging equipment acquisition:

Equipment Type	Name	Model	Number of Units	Cost per unit
N/A				

Note: Provide a copy of the contract with the vendor for major medical/imaging equipment.

c. Type of financing or funding source (more than one can be checked):

- ☐ Applicant's Equity
 ☐ Lease Financing
 ☐ Conventional Loan
☐ Charitable Contributions
 ☐ CHEFA Financing
 ☐ Grant Funding
☐ Funded Depreciation
 ☐ Other (specify): _____

SECTION IV. PROJECT DESCRIPTION

Please attach a separate 8.5" X 11" sheet(s) of paper and provide no more than a 2 page description of the proposed project, highlighting all the important aspects of the proposed project. Please be sure to address the following (if applicable):

1. Currently what types of services are being provided? If applicable, provide a copy of each Department of Public Health license held by the Petitioner.
2. What types of services are being proposed and what DPH licensure categories will be sought, if applicable?
3. Who is the current population served and who is the target population to be served?
4. Identify any unmet need and how this project will fulfill that need.
5. Are there any similar existing service providers in the proposed geographic area?
6. What is the effect of this project on the health care delivery system in the State of Connecticut?
7. Who will be responsible for providing the service?
8. Who are the payers of this service?

If requesting a Waiver of a Certificate of Need, please complete Section V.

SECTION V. WAIVER OF CON FOR REPLACEMENT EQUIPMENT

I may be eligible for a waiver from the Certificate of Need process because of the following:
(Please check all that apply)

- ☐ This request is for Replacement Equipment.
 - ☐ The original equipment was authorized by the Commission/OHCA in Docket Number: _____.
 - ☐ The cost of the equipment is not to exceed \$2,000,000.
 - ☐ The cost of the replacement equipment does not exceed the original cost increased by 10% per year.

Please complete the attached affidavit for Section V only.

PROJECT DESCRIPTION

Hartford Surgery Center, LLC, a Delaware Limited Liability Company ("Applicant"), presently owns and operates a freestanding, multi-specialty outpatient surgical facility under the name of HEALTHSOUTH Surgery Center of Hartford (the "Center").

Center History/Current Ownership

The Center was established on a provisional (36-month) basis pursuant to a certificate of need ("CON") issued to Hartford Surgical Center, Inc. in 1975 under Docket No. 75-522. On or about October 23, 1979, a CON was issued under Docket No. 79-531 for the continued operation of the Center. The Center, which has been in operation at 100 Retreat Avenue, Hartford for the past thirty years, was purchased by HEALTHSOUTH in September of 1997.

On August 1, 2005, the Office of Health Care Access ("OHCA") determined that a CON was not required for a series of mergers that resulted in the Applicant assuming ownership and control of the Center. See Report No. 05-30534-DTR (copy attached hereto as Exhibit A). OHCA also determined that the Applicant could syndicate up to forty (40) percent of its membership interests to individual physicians and/or trusts established for the benefit of such physicians without CON approval.

Current ownership of the Applicant is as follows: Ninety-nine (99) percent of the membership interests are held by SunSurgery Corporation (the "Managing Member"), which is a wholly-owned subsidiary of ASC Network Corporation, which is a wholly-owned subsidiary of HEALTHSOUTH Corporation. One (1) percent of the membership interests are held by HEALTHSOUTH S.C. of Norwalk, Inc., which is a wholly-owned subsidiary of Surgical Care Affiliates, Inc., which is a wholly-owned subsidiary of HEALTHSOUTH Corporation. The Applicant is in the process of issuing a Private Placement Memorandum for sale of forty (40) percent of its membership interests to physicians/trusts as approved in Report No. 05-30534-DTR.

Proposed Change of Ownership

The Applicant now seeks CON approval to sell an additional twenty (20) percent of its membership interests to individual physicians and/or trusts established for the benefit of such physicians. The sale of additional membership interests will accommodate the needs of area physicians, foster growth and maintain the viability of the Center. SunSurgery Corporation and HEALTHSOUTH S.C. of Norwalk, Inc., both HEALTHSOUTH Corporation subsidiaries, will maintain at all times at least forty (40) percent of the membership interests of the Applicant.

OHCA has in the past allowed outpatient surgical facilities to sell up to forty-nine (49) percent of their ownership interests to physicians, their family members and trusts without CON approval. See Report No. 00-B4; Report No. 01-505. The agency has found, however, that the sale of any ownership interests in excess of fifty (50) percent of the total interests of an entity constitutes a change of ownership that requires a CON. See Report No. 05-30611-DTR.

As with the initial syndication authorized under Report No. 05-30534-DTR, the proposed change of ownership will not result in a change in control or transfer of powers with respect to the Center. The management and control of the Center and its business and affairs will continue to rest with the

Managing Member and its HEALTHSOUTH parent. Physicians/trusts to whom shares are sold shall take no part in, or interfere in any manner with, the conduct or control of the Center.

In addition to the foregoing, there will be no change in the membership and/or structure of the governing body of the Center specifically as a result of the sale of additional membership interests. Nor will there be any change in the governing board of the Applicant, any change in the governing powers of the board of any parent company or affiliate or any change or transfer of the power or control of a governing or controlling body of any affiliate.

Services Provided/Population Served

The Center currently provides comprehensive facilities for uncomplicated elective surgical procedures not requiring hospitalization, but requiring medical facilities exceeding that which is normally found in a physician's office. The Center provides services in the specialties of ophthalmology, otolaryngology, general surgery, gynecology, podiatry, plastic surgery, orthopedics, and urology. The Applicant anticipates offering the same surgical services at the Center after the sale.

The Center is currently licensed by the Department of Public Health as an outpatient surgical facility. A copy of the license is attached hereto as Exhibit B. No additional DPH licenses will be required or sought.

Services at the Center will continue to be provided by the existing professional staff if this proposal is approved.

The current population being served by the Center includes residents of the greater Hartford area. The target population is the same as that presently served by the Center.

Existing Providers/Unmet Need

Existing freestanding outpatient surgical facilities in the greater Hartford area include HEALTHSOUTH Connecticut Surgery Center (multi-specialty) and Orthopedic Associates Surgery Center (single-specialty). To the best of Applicant's knowledge, ambulatory surgical services are also offered at St. Francis Hospital & Medical Center, Hartford Hospital and the University of Connecticut Health Center (Farmington Surgery Center).

This proposal will address unmet need in as much as it will allow more physicians the opportunity to acquire an interest in the Center, which will in turn increase the accessibility of outpatient surgical services for their patients. The proposal will also help maintain the viability of the Center. This will impact favorably on the healthcare delivery system in the state.

Facility Fee/Payers for Services

The Center currently charges a facility fee, and will continue to do so if this project is approved by OHCA.

The anticipated payer sources are the same as those currently experienced by the Center as follows: Private Pay, Medicare, Medicare Managed Care, traditional indemnity insurance, health maintenance organizations, and Medicaid.

EXHIBIT A



STATE OF CONNECTICUT
OFFICE OF HEALTH CARE ACCESS

M. JODI RELL
GOVERNOR

CRISTINE A. VOGEL
COMMISSIONER

August 1, 2005

Jennifer L. Groves, Esq.
Updike, Kelly & Spellacy, P.C.
One Century Tower
265 Church Street
New Haven, CT 06510

Re: Certificate of Need Determination; Report Number 05-30534-DTR
Hartford Surgical Center, Inc. d/b/a HEALTHSOUTH Surgery Center of Hartford
Corporate Reorganization

Dear Attorney Groves:

The Office of Health Care Access ("OHCA") is in receipt of your request for a CON Determination Report for the corporate reconfiguration of HEALTHSOUTH Surgery Center of Hartford.

Upon review of the information contained in the request, OHCA finds the following:


1. Hartford Surgical Center, Inc. ("HSC") currently owns and operates a freestanding multi-specialty ambulatory surgical facility under the name of HEALTHSOUTH Surgery Center of Hartford ("HSCH"), located at 100 Retreat Avenue, Hartford, Connecticut.
2. HSC is a wholly owned subsidiary of SunSurgery Corporation ("SSC"). SSC is a wholly-owned subsidiary of ASC Network Corporation ("ASCNC"). ASCNC is a wholly-owned subsidiary of HEALTHSOUTH Corporation.
3. HSC d/b/a HSCH proposes to merge the business and assets of HSCH.
4. After the proposed corporate reorganization, 99% of HSC will be owned by SunSurgery Corporation. The remaining 1% will be held by HEALTHSOUTH S.C. of Norwalk, Inc.
5. HEALTHSOUTH S.C. of Norwalk, Inc., a two-member limited liability company is being proposed for tax purposes.

6. SSC will retain a minimum of 59% interest and up to 40% interest may be divested to individual physicians and trusts. The 1% interest will remain with HEALTHSOUTH S.C. of Norwalk, Inc.
7. The proposed project will not result in any change of ownership or control, or change in function or service. There will also be no change in the membership and/or structure of governing body specifically as a result of this proposed corporate reorganization.
8. The services at the facility will continue to be provided by the existing professional staff. There will be no changes in services currently being provided.
9. There is no associated capital expenditure with the proposed corporate reorganization.

Based on these findings, OHCA has determined that the proposed corporate reorganization does not constitute a change of ownership or control, or change in function or service and therefore, a Certificate of Need is not required, pursuant to 19a-638 of the Connecticut General Statutes.

If you have any questions concerning the above, please feel free to contact Steven Lazarus, Associate Health Care Analyst, at (860) 418-7012.

Sincerely,



Cristine A. Vogel
Commissioner

c: Rose McLellan, Licensing Examination Assistant, DPH, DCBR

CAV:swl

EXHIBIT B

STATE OF CONNECTICUT
Department of Public Health
LICENSE

License No. 0290

Outpatient Surgical Facility

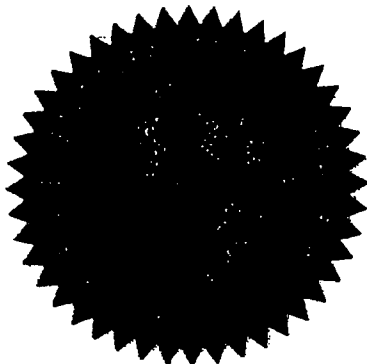
In accordance with the provisions of the General Statutes of Connecticut Section 19a-493:

Hartford Surgery Center, LLC of Hartford, CT, d/b/a Healthsouth Surgery Center of Hartford is hereby licensed to maintain and operate an Outpatient Surgical Facility.

Healthsouth Surgery Center of Hartford is located at 100 Retreat Avenue, Hartford, CT 06106.

This license expires **September 30, 2007** and may be revoked for cause at any time.

Dated at Hartford, Connecticut, December 16, 2005 CHOW 12-05.



J Robert Galvin M.D., M.P.H.

J. Robert Galvin, M.D., M.P.H., Commissioner